

8.1 OVERSIGHT REPORT FOR 2014/2015 FINANCIAL YEAR: MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

(3/P)

Office of the Speaker

PURPOSE

To table an MPAC Oversight Report for 2014/2015 Financial Year before Council for adoption with reservations.

INTRODUCTION

Municipal Public Accounts Committee is established in terms of Sections 33 and 79 of the Structures Act as a statutory committee of Council in respect of those statutory duties delegated to the Committee in terms of Section 59 of the Systems Act and as a Committee of Council in respect to all other duties delegated to it by Council.

The Committee is mandated by Council to present an oversight report for the financial year 2014/2015 immediately after the final draft of the Annual Report has been tabled before the Council. The Annual Report under review was presented in Council in August 2015 with unaudited financial status and unaudited performance reports, and followed by the final draft tabled on the 09 December 2015 which Council has referred it to MPAC to conduct oversight and table the oversight report within a period of sixty (60) days. The MPAC had meetings with the offices of the Provincial Treasury and COGTA in soliciting information with regard to the Annual Report tabled on the 09 December 2015.

BACKGROUND

According to the Municipal Finance Management Act (MFMA) Act No. 56 of 2003 as well as Circular No. 63 of the National Treasury the Committee has been mandated to perform oversight on public accounts of the municipality. The 2014/15 oversight report is to be tabled before the Council in order to state its findings on the Annual Report. In line with the legal prescripts, section 129 (1) states that:

“The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report, which must include statement whether the council-

- a) has approved the annual report with or without reservations;*
- b) has rejected the annual report; or*
- c) has referred the annual report back for revision of those components that can be revised.”*

The preparation of the draft oversight report is guided by the framework and the committee's Terms of Reference. These documents serve as guidelines outlining the work of the committee. And also in the process of concluding this exercise a new reporting template issued by the National Treasury has been of great assistance as the committee will always refer the municipality to follow.

DISCUSSION

Last year the committee submitted an activity plan before council for approval as this is required by the MPAC Terms of Reference. Through the leadership of the Chairperson it was discovered that a process plan should be developed as a way of augmenting the activity plan. MPAC councilors convened an ordinary meeting on the August Council sitting 2015 as a guide to the committee's work.

Emanating from the Activity Plan is that from the 27 – 29 January 2016, MPAC convened its strategic retreat to develop an oversight report which has led to the final draft to be presented during Council of 09 December 2016.

Attached to this report are Presentations by Provincial Stakeholders which the committee invited to brief the committee on findings on the Annual Reports 2014/15 financial year.

- * Attached to this report is Annexure "A" (pages 1 - 29) Oversight Report for 2014/15.
- *** Also Annexure "B" (pages 30 - 33) Comprehensive Report, Annexure "C" (pages 34 -
- **** 37) MPAC Letter to Management, Annexure "D" (pages 38 - 66) Management
- ***** Responses, Annexure "E" (67 – 93) Minutes of the Strategic Retreat held on 14 – 16 October 2015 and Ordinary MPAC meeting held on 22 October 2015.

FINANCIAL IMPLICATIONS

An amount of R50 112.30 was used from this Vote Number: 4202011060210.

LEGAL AND CONSTITUTIONAL IMPLICATIONS

- Constitution of the Republic of South Africa Act No. 108 of 1996
- Local Government: Municipal Structures Act No. 117 of 1998
- Local Government: Municipal Systems Act No. 32 of 2000
- Local Government: Municipal Finance Management Act No. 56 of 2003
- Local Government: Municipal Finance Management Act No. 56 of 2003, Circular 63.

ALIGNMENT TO COUNCIL STRATEGIES

This report is aligned to the following strategies of the municipality:

- Effective management of Council Business
- Strengthening oversight and accountability

CONCLUSION

According to the Municipal Finance Management Act (MFMA) Act No. 56 of 2003 as well as circular No. 63 of the National Treasury the Committee has been mandated to perform an oversight role on public accounts of the municipality.

RECOMMENDED

Municipal Public Accounts Committee (MPAC) recommend to Council to adopt the Annual Report with the following reservations:

1. THAT it be hereby approved that Council ensures the comprehensive implementation of the Action Plans in order to avoid reoccurrence's on issues raised by Internal Audit.
2. THAT the Municipal Manager be hereby delegated to organize a joint workshop on Performance Management between Audit Committee, Senior Management and MPAC committee.
3. THAT the Audit Committee Charter be reviewed as a matter of urgency and such Charter must make specific provisions for the dash board information to clarify Council on how the internal audit related and/or financial implications matters of Administration have been dealt with.
4. THAT the Audit Committee be hereby delegated to formally present its report to Council regarding all future Annual Reports of Council, similarly to MPAC's conduct for submission in this regard.
5. THAT it be hereby approved that reporting on the misconduct with regard to financial misappropriation such as fraud and corruption be continuously submitted to Council on a quarterly basis.
6. THAT a progress report on the adherence of Minimum Competency Level /Requirements as a matter of compliance to be made available to Council in the next sitting.

PG 4
COUNCIL 88 – 2016-02-24

7. THAT the Municipal Manager ensures that the Annual Report is accordingly refined and aligned to the new reporting template.
8. THAT the foreword of the Executive Mayor be reworked/ signed and aligned to the National Treasury Regulation Template.
9. THAT a report on the establishment of disciplinary Board and/or committee as per the Gazette 37682 of the 30 May 2014 on municipal regulation financial misconduct procedures and criminal proceedings be tabled in the next sitting of Council.

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